Guidelines for asset reconstruction companies

2672. SHRI RAMA MUNI REDDY SIRIGIREDY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the RBI issued final set of guidelines for asset reconstruction companies;

(b) if so, the details of guidelines issued by the RBI;

(c) whether the capital adequacy ratio has been specified for the ARCs; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) to (d) The Reserve Bank of India has prepared the draft guidelines. This will be issued after consultation with Government.

Account maintenance charges by NSDL

2673. SHRI BHAGATRAM MANHAR: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Depository Services (DPs) extend the services under National Securities Depositories Limited (NSDL) to small investors by holding their equities in demat form;

(b) if so, what are the charges being levied by DPs so far;

(c) whether DPs have recently levied Additional Custody charges as per equity in addition to Account Maintenance charges; and

(d) if so, the reasons therefor and the action proposed to be taken by Government agaisnt NSDL/DPs to ensure that Account Maintenance charges are withdrawn forthwith in the interest of small investors?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) The depository services are extended to all investors by NSDL thorugh its Depository Participant (DPs). Presently, there are more than 38 lakh investor accounts that are being provided depository services through 213 DPs of NSDL. Thus,

the services of NSDL are available to all types of investors, including small investors.

(b) The National Securities Depository Limited (NSDL) follows a two-tier fee structure, *i.e.* NSDL levies fees on its Depository Participants (DPs), while DPs charge their clients. NSDL's charges are uniform across all DPs. The DPs are free to levy their own tariff structure based on the services provided by them. There are 213 DPs providing depository services to their clients. There is enough competition among the DPs and the market forces determine the charges to clients.

(c) and (d) NSDL informs that some of the DPs have been charging custody fees to their clients since long and it is not a new type of fee. The DPs have revised their tariff structure on 1.5.2002 to levy Annual Custody Charges varying from Rs. 0.50 to Rs. 2 per month. These new charges are imposed by the DPs due to the fact that NSDL has imposed new custody charges on its DPs at the rate of Rs. 0.50 per scrip/per month of each company's shares held by investors with its DPs.

The tariff structure of NSDL has been created as per the powers given to it under its Business Rules. Securities and Exchange Board of India (SEBI) as per the SEBI (Depositories and Participants) Regulations, 1996 and Depositories Act, 1996, does not control the tariff structure levied by the Depositories and DPs. Any creation of new tariff structure or effecting upward/downward changes in the tariff structure under NSDL Business Rules does not require any prior consent from SEBI However NSDL informs the same to SEBI to take it on record.

Revival of Urban co-operative Banks

2674. DR. A.K. PATEL:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government are aware that the Urban Co-operative banking sector has been haltered due to various factors and is passing through critical situation;